

HEAD OFFICE: KOSTER

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Our Ref:



All correspondents must be addressed to:
"The Municipal Manager"

OFFICE OF THE MUNICIPAL MANAGER

25 April 2017

Electricity Pricing and Tariffs
National Energy Regulator of South Africa
Kulawula House
526 Madiba Street
Arcadia
0083

Dear Mr. F. Hinda

RE: TARIFF APPLICATION – ANNUAL TARIFF INCREASES FOR 2017/18

Please find attached the proposed tariff document for Kgetlengrivier Local municipality for 2017/18 for consideration and approval. The D-Forms – with information regarding Kgetlengrivier Local Municipality have been submitted to Nersa.

Please take note that the tariff overall have been adjusted to result in

Upon a written request made within seven days after date appearing on this letter, a similar letter will be forwarded

increased income from sale with reference made to the Municipal Tariff Guideline on Electricity Price Increase for 2017/18 (hereinafter referred to as "the guideline letter") issued by the National Energy Regulator of South Africa (the Regulator).

DOMESTIC TARIFF

The standard domestic tariff is not an all-inclusive energy tariff. There are other add-ons, such basic charges or services charges. Kgetlengrivier Local municipality does not distinguish between low and high domestic consumers as the same network services both categories. The only difference between single and three phase cost is the upfront connection fees. The connection fee for domestic indigent clients depends on time of registration.

To support the indigent clients (Poorest of the poor), Kgetlengrivier Local Municipality will issue 50kWh free energy to all indigent consumer officially registered with the municipality

COMMERCIAL AND INDUSTRIAL TARIFF

The Commercial and Industrial scales are set out in the annexure attached are all within perimeters set in the NERSA guidelines.

NETWORK REPAIRS AND MAINTENANCE

The budget (Not approved as yet) for the maintenance and repair of existing network amounts to R7.8 million, or 16% of the revenue budgeted from sale of electricity which is well within the NERSA directive of at least 6%

Since 2014/15 financial year Kgetlengrivier Municipality has been restructuring the electricity department governance structures in order to ensure that it is in line with the compliance structure as required by the Regulator. Further, this

restructuring will ensure that the municipality is in a position to implement programmes such as the following:

- The municipality puts measures in place to increase its percentage surplus to range between 10% -20%
- The municipality implement energy reduction plan to reduce its energy losses to range between 5%-12%
- Conducting cost of supply study as required by the Electricity Pricing Policy;
- Compile and submit fully completed distribution forms;
- Provide a full analysis of the ring-fencing of the electricity revenues that are approved by the Regulator; and
- Ensure overall compliance to the requirements of the Regulator and also the licence condition of our issued license.

As Kgetlengrivier Municipality, we have taken it upon ourselves to improve the current situation. The following plans are put in place in order to ensure compliance to NERSA's requirements:

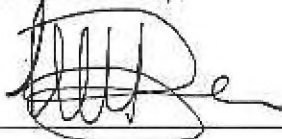
- To develop a roadmap towards ensuring continued compliance to NERSA's requirements;
- Restructuring of the tariff structure so that it speaks to the different type of electricity customers;
- Undertake an exercise to identify and categorise customers;
- Overhaul the current revenue collection policy to ensure that the municipality collects what is due to it; and
- Increase internal capacity to deal with tariff applications; cost of supply study in order to ensure that annual applications are made on time to NERSA.

Taking the above into consideration, we wish to make our tariff application increases on the basis of the guideline letter. The proposed tariff increases

are attached in the schedules herein.

I hope you find the above in order.

Yours sincerely,

A handwritten signature in black ink, consisting of stylized, overlapping loops and a trailing flourish, positioned above a horizontal line.

Mr. T.B Mothogoane

Acting Municipal Manager

1. ELECTRICITY

CATEGORY		2016/ 17 NERSA APPROVED	PROPOSED 2017/18	%NERSA INCREASE
DOMESTIC TARIFFS				
<i>Residential Prepaid: Lifeline</i>				
Energy Charge (kwh)	Block 1 (0-50Kwh)	84,93	86,53	1,88%
	Block 2 (51-350kwh)	107	109,01	1,88%
	Block 3 (351-600kwh)	141,55	144,21	1,88%
	Block 4 (>600kwh)	154,04	156,94	1,88%
<i>Residential Conventional: Lifeline</i>				1,88%
Energy Charge (kwh)	Block 1 (0-50Kwh)	85,75	87,36	1,88%
	Block 2 (51-350kwh)	117,92	120,14	1,88%
	Block 3 (351-600kwh)	141,8	144,47	1,88%
	Block 4 (>600kwh)	154,04	156,94	1,88%
Basic Charge		180,47	183,86	1,88%
COMMERCIAL TARIFFS				
<i>Commercial Prepaid: Lifeline</i>				
Basic Charge (R/m)		313,94	319,84	1,88%
Energy Charge (kwh)		1,84	1,87	1,88%
<i>Commercial conventional Single Phase</i>				
Basic Charge (R/m)		313,94	319,84	1,88%
Energy Charge (kwh)		183,36	186,81	1,88%
Government/Mine town				

Basic Charge (R/m)			349,17	355,73	1,88%
Energy Charge (kwh)			155,43	158,35	1,88%
Municipal			0	0,00	1,88%
Energy Charge (kwh)			191,86	195,49	1,88%
INDUSTRIAL TARIFFS					
Industrial/Municipal					
Basic Charge (R/m)			1 666,78	1 698,12	1,88%
Energy Charge (kwh)			115,55	117,72	1,88%
Demand Charge (R/kVA)			192,62	196,24	1,88%